News Release

This announcement contains inside information.

12 November 2026

ROLLS-ROYCE HOLDINGS PLC TRADING UPDATE:
STRONG PROGRESS; BUYBACK PHASING ACCELERATED

Tufan Erginbilgic, Chief Executive of Rolls-Royce Holdings plc, said:

"We have continued to deliver strong operational, strategic and financial progress in the second half of 2026, giving us further confidence in our full year guidance of £4.7bn–£4.9bn of underlying operating profit and £3.8bn–£4.0bn of free cash flow. Our transformation and the actions we are taking are creating a Rolls-Royce with a diversified portfolio of high-performing businesses, with greater resilience and significant growth potential. We remain focused on operational excellence for our customers, while continuing to invest to support substantial growth to the mid-term and beyond.

Given our strong progress this year, we will revisit our mid-term targets at our Full Year results in February, as previously communicated. We are also accelerating the phasing of our share buyback. Today we are announcing an interim share buyback of £1.5bn. This will be completed by our Full Year results on 25 February 2027 and forms part of our existing £7bn–£9bn share buyback programme across 2026 to 2028. This reflects our continued confidence in sustainable free cash flow growth driven by our transformation and the significant value creation we continue to see ahead."

Trading update

In **Civil Aerospace**, demand remains strong across both widebody and business aviation, and our large engine order backlog has now grown to around 2,500 engines. Large engine orders in the second half include 70 Trent 7000 engines for Avolon and 22 Trent 7000 engines for the Cathay Group. In addition, Air China and Philippine Airlines selected 15 Trent XWB-84 and 18 Trent XWB-97 engines, respectively. Our pipeline of active customer campaigns continues to remain very robust.

Large engine flying hours (EFH) grew by 4% year on year in the first 10 months of 2026 to 114% of 2019 levels (H1 2026: 113%). Continued growth through the second half of the year supports our expectation that full year 2026 EFH will be towards the lower end of the range of 115%–120% of 2019 levels, consistent with our guidance at the Half Year results.

- EFH growth is supported by our young and growing fleet. Our share of the installed fleet of widebody engines and our share of widebody EFH have both continued to increase in 2026.
- EFH growth continues to be supported by the effective elimination of AOGs.
- EFH from Middle Eastern airlines in our fleet are above pre-conflict levels.
- EFH in other regions have been temporarily impacted by fuel price related capacity reductions, which we expect to reverse when the fuel price falls.
- We have seen no change in the retirement profile of the Trent 700, which remains the most fuel-efficient engine on the A330ceo platform, with an increased proportion of engines contracted since our Half Year results. Retirements across our legacy engine fleet this year are at their lowest level since 2018.
- Total route cancellations for economic reasons continue to be primarily focused on narrowbody rather than widebody, while industry-wide international load factors remain strong at 84%.

Our operational improvements are delivering tangible benefits for customers while further strengthening the economics of our business.

- Large engine OE deliveries are significantly higher year on year, as we continue to support our OEM customers as they ramp up production. Our full year guidance for total OE deliveries remains unchanged.
- Large engine major shop visits are significantly higher year on year and our full year guidance for total shop visits remains unchanged. Our predominantly total service business model gives us significant control and visibility over our shop visit profile, which we do not expect to change as a result of the Middle East conflict in 2026 or beyond.
- MRO turnaround times have also continued to improve through the year.

Our time on wing initiatives continue to progress to plan. Approximately 60% of the eligible in-service Trent 1000 fleet has been upgraded to the XE standard with improved HP turbine blades, while almost the entire Trent 7000 airline fleet has now been upgraded with the improved blades. The Trent XWB-84 LLP life extension programme remains on track to complete this year and our planned improvements on the Trent XWB-97 are also on track to be certified by the end of next year.

In October, Rolls-Royce and the UK Government announced plans for a joint 10-year £2.5bn research and technology programme to develop cutting-edge gas turbine technologies for civil and defence aerospace. The programme would advance more efficient and lower-emission jet engine technologies, as Rolls-Royce looks to secure a UK engine position on the next generation of commercial aircraft in the narrowbody segment, including through an engine demonstrator project. It would also sustain vital development and testing capabilities, strengthening national resilience by supporting the UK's critical sovereign capabilities in defence aerospace.

The Airbus A350F successfully completed its first flight in September, progressing the programme towards entry into service in 2027. The A350F is a new-generation widebody freighter, exclusively powered by the Trent XWB-97, with orders already secured for more than 100 aircraft from 14 airlines. The A350F brings the Trent XWB-97's proven performance to the large widebody freighter market, drawing on eight years of in-service experience and more than 4.5 million engine flying hours.

In business aviation, we announced in October further improvements across our CorporateCare packages, providing customers with greater flexibility, simplicity, and value. Throughout 2026, we have continued to see high levels of demand from new customers, alongside further upgrades from existing customers for our highest-tier CorporateCare Enhanced offering.

In **Defence**, we continue to see strong demand across both mature and new programmes. The MQ-25A Stingray autonomous refueller, powered by our AE 3007 engines, successfully completed its second test flight in July. In addition, we continue to execute our global autonomous strategy, developing complementary solutions for the US, UK, and Germany. On GCAP, together with our consortium partners, we completed further component testing and reached the final stages of the demonstrator design. This brings us closer to ground testing, which will generate critical data to inform the full power and propulsion system.

In the US, we celebrated the opening of our new test cells marking a decade-long $1bn investment in Indiana as we ramp up production to support the B-52 re-engine, MQ-25A Stingray and MV-75 Cheyenne programmes. In August, we announced our strategic intent to partner with Reliance Industries to offer capabilities for the design, development, manufacture and delivery of an indigenous combat engine for India's Advanced Medium Combat Aircraft programme. As part of the partnership, we will explore the formation of a dedicated Aerospace Gas Turbine Complex that will be a centre of excellence for power and propulsion technology in India. In Australia, we opened a new regional Defence headquarters in Canberra and expanded our partnership with Marand Precision Engineering to supply acoustic enclosures for our MT30 engines on the Global Combat Ship programme.

In **Power Systems**, we continue to see strong order and revenue growth, led by power generation and governmental.

- Order intake in the first nine months of the year increased by 62% year on year, with the order backlog at the end of September standing at a record £8.6bn (H1 2026: £8.0bn).
- In power generation, orders for gas engines nearly tripled year on year driven by prime power demand from data centres, while order growth for diesel backup engines remained strong.
- We are in the process of finalising a significant multi-year contract to supply backup engines to a hyperscaler, alongside a framework agreement extending to 2031.
- In governmental, strong revenue growth was driven by the aftermarket, which comes with an attractive margin profile. Orders have also been strong in the second half, including the selection of *mtu* engines on two of Poland's new land defence platforms.
- A growing order backlog, alongside our increasing visibility of project pipelines, underpins our targets for annual OE revenue growth to 2030 of 25% in power generation and 20% in governmental.
- Across Power Systems, around 40% of our operating profit comes from services where we expect double-digit revenue growth and improving margins.

To support growing demand, in July we opened our new logistics and operations centre in Mankato, USA, enabling us to more than double production capacity for *mtu* Series 4000 generator sets at the site. Our next-generation engine remains on track to be launched in 2028 and will offer a 20% higher power density than the current Series 4000. Engine and system testing progressed to plan during the period, with initial customer feedback from demonstrations being very positive. In September, in governmental, the U.S. Navy certified our *mtu* Series 4000 and Series 2000 marine engines for use in autonomous naval vessel operations.

Rolls-Royce SMR remains the only SMR company with multiple contractual commitments in Europe and is focused on execution across its programmes in the UK, Czech Republic, and Sweden. In July, the partnership with ČEZ in the Czech Republic expanded to three sites, demonstrating a route to six Rolls-Royce SMRs and supporting plans to deploy up to 3GW of capacity.

In September, Rolls-Royce SMR launched a supplier programme giving UK businesses the opportunity to bid for £1.4bn of contracts over the next year and announced that key components of the steam turbine systems, that are being provided by Siemens Energy, will be manufactured in the UK. Rolls-Royce SMR also awarded SKODA JS a contract to design highly specialised safety components for the nuclear reactor, strengthening UK-Czech nuclear collaboration and creating industrial opportunities across the European programme. The site for the first UK factory is expected to be announced in the coming months.

We are creating a more resilient and agile Rolls-Royce with significant growth potential that is better equipped to respond to changes in the external environment. Consistent with our capital allocation framework, the balance sheet remains strong, we continue to invest for profitable growth and deliver on our shareholder return commitments. Our progress continues to be recognised by the credit rating agencies. In September, S&P Global upgraded Rolls-Royce to an 'A-' credit rating with a stable outlook.

We have now substantially completed our previously announced share buyback programme of £2.5bn for 2026. Today we are announcing an interim share buyback of £1.5bn. This will be completed by our Full Year results on 25 February 2027 and forms part of our existing £7bn–£9bn share buyback programme across 2026 to 2028. This reflects our continued confidence in sustainable free cash flow growth driven by our transformation and the significant value creation we continue to see ahead.

For further information, please contact:

Investors
Jeremy Bragg
Head of Investor Relations, Rolls-Royce plc
Tel +44 (0) 7795 840875
Jeremy.Bragg@Rolls-Royce.com

Media
Richard Wray
Director of External Communications & Brand, Rolls-Royce plc
Tel +44 (0) 7810 850055
Richard.Wray@Rolls-Royce.com

The person responsible for arranging the release of this announcement on behalf of Rolls-Royce Holdings plc is Claire-Marie O'Grady, Chief Governance Officer.

About Rolls-Royce Holdings plc

1. Rolls-Royce is a force for progress; powering, protecting and connecting people everywhere. Our products and service packages help our customers meet the growing need for power across multiple industries; enable governments to equip their armed forces with the power required to protect their citizens; and connect people, societies, cultures and economies together.
2. Rolls-Royce has a local presence in 48 countries and customers in over a hundred more, including airlines and aircraft leasing companies, armed forces and navies, and marine and industrial customers.
3. Through our multi-year transformation programme, we are building a high-performing, competitive, resilient and growing Rolls-Royce. We are building the financial capacity and agility to allow us to successfully develop and deliver the products that will support our customers through the energy transition.
4. Annual underlying revenue was £20.1 billion in 2025, and underlying operating profit was £3.46 billion.
5. Rolls-Royce Holdings plc is a publicly traded company (LSE: RR., ADR: RYCEY, LEI: 213800EC7997ZBLZJH69)

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